KINGSLEY HOUSE, INC. AND AFFILIATE

Combined Financial Statements as of June 30, 2013 and 2012
and for the Years Then Ended
and Independent Auditors' Report
and Supplementary Information
June 30, 2013 and 2012

KINGSLEY HOUSE, INC. AND AFFILIATE

TABLE OF CONTENTS

Silva Gurtner & Abney

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Kingsley House, Inc.
New Orleans, LA

We have audited the accompanying financial statements of Kingsley House, Inc. and Affiliate, a nonprofit organization, which comprises the combined statement of financial position as of June 30, 2013, and the related combined statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Kingsley House, Inc. and Affiliate as of June 30, 2013, and the combined changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2012 financial statements for Kingsley House, Inc., and our report dated December 14, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Silva Gurtner & Abney, LLC

New Orleans, Louisiana
December 20, 2013

KINGSLEY HOUSE, INC. AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Unrestricted	Temporarily Restricted	Permamently Restricted	2013	2012
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 109,094	$ -	$ -	$ 109,094	$ 94,852
Investments	1,406,648	99,342	-	1,505,990	1,399,525
Due to (from)	56,576	(70,996)	14,420	-	-
Promises to give	-	319,364	-	319,364	379,543
Accounts receivable					
Government contracts	587,319	-	-	587,319	530,461
Other	119,373	-	-	119,373	255,411
Prepaid expenses	137,092	-	-	137,092	99,372
Total current assets	2,416,102	347,710	14,420	2,778,232	2,759,164
NON-CURRENT ASSETS					
Cash held for acquisition of property and donor restricted purposes	-	2,708	-	2,708	4,053
Long-term investments	-	-	238,067	238,067	214,190
Property, plant and equipment, net	840,968	3,636,226	-	4,477,194	4,877,097
Total non-current assets	840,968	3,638,934	238,067	4,717,969	5,095,340
TOTAL ASSETS	**$ 3,257,070**	**$ 3,986,644**	**$ 252,487**	**$ 7,496,201**	**$ 7,854,504**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 424,516	$ 38	$ -	$ 424,554	$ 424,224
Line of credit	309,000	-	-	309,000	300,000
Total current liabilities	733,516	38	-	733,554	724,224
TOTAL LIABILITIES	733,516	38	-	733,554	724,224
NET ASSETS					
Unrestricted					
Undesignated	1,199,941	-	-	1,199,941	1,289,151
Board designated	1,323,613	-	-	1,323,613	1,294,145
Total Unrestricted	2,523,554	-	-	2,523,554	2,583,296
Temporarily restricted	-	3,986,606	-	3,986,606	4,318,374
Permanently restricted	-	-	252,487	252,487	228,610
TOTAL NET ASSETS	2,523,554	3,986,606	252,487	6,762,647	7,130,280
TOTAL LIABILITIES AND NET ASSETS	**$ 3,257,070**	**$ 3,986,644**	**$ 252,487**	**$ 7,496,201**	**$ 7,854,504**

See accompanying independent auditors' report and notes to combined financial statements.

KINGSLEY HOUSE, INC. AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Federal and state contracts	$ 5,121,108	$ (139,231)	$ -	$ 4,981,877
Foundation and corporate contracts	633,963	97,960	-	731,923
United Way	51,712	-	-	51,712
United Way funding for next year	-	319,329	-	319,329
Contributions	551,784	99,342	-	651,126
Investment income	149,986	-	26,869	176,855
Program fees	204,405	-	-	204,405
Other income	101,999	8	-	102,007
Transfers	2,614	-	(2,614)	-
Net assets released from restrictions				
United Way	379,543	(379,543)	-	-
Restrictions satisfied by payments	329,633	(329,633)	-	-
TOTAL REVENUES AND OTHER SUPPORT	7,526,747	(331,768)	24,255	7,219,234
EXPENSES				
Program services				
Pre-school Day Care	2,279,578	-	-	2,279,578
Early Head Start	1,270,939	-	-	1,270,939
Adult Day Health Care	726,399	-	-	726,399
Family Life Services	624,727	-	-	624,727
Participants Meal Program	355,060	-	-	355,060
Community and Supportive Services	311,066	-	-	311,066
School Age Daycare Center	308,937	-	-	308,937
Resettlement and Recovery Services	282,889	-	-	282,889
Health Care for All	-	-	-	-
Supporting services				
Management and General	1,233,232	-	378	1,233,610
Fundraising	193,662	-	-	193,662
TOTAL EXPENSES	7,586,489	-	378	7,586,867
CHANGES IN NET ASSETS	**(59,742)**	**(331,768)**	**23,877**	**(367,633)**
NET ASSETS - Beginning of year	2,583,296	4,318,374	228,610	7,130,280
NET ASSETS - End of year	**$ 2,523,554**	**$ 3,986,606**	**$ 252,487**	**$ 6,762,647**

See accompanying independent auditors' report and notes to combined financial statements.

KINGSLEY HOUSE, INC. AND AFFILIATE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	2012			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
REVENUES AND OTHER SUPPORT				
Federal and state contracts	$ 5,543,127	$ 167,261	$ -	$ 5,710,388
Foundation and corporate contracts	769,770	(53,457)	-	716,313
United Way	58,647	-	-	58,647
United Way funding for next year	-	379,543	-	379,543
Contributions	399,180	174,136	-	573,316
Investment income	26,492	-	3,592	30,084
Program fees	202,051	2,240	-	204,291
Other income	141,658	588	-	142,246
Transfers	2,100	-	(2,100)	-
Net assets released from restrictions				
United Way	517,293	(517,293)	-	-
Restrictions satisfied by payments	304,998	(304,998)	-	-
TOTAL REVENUES AND OTHER SUPPORT	7,965,316	(151,980)	1,492	7,814,828
EXPENSES				
Program services				
Pre-school day care	2,538,684	-	-	2,538,684
Early Head Start	1,315,640	-	-	1,315,640
Adult day health care	748,986	-	-	748,986
Family Life Services	861,183	-	-	861,183
Participants Meal Program	331,046	-	-	331,046
Community and Supportive Services	295,995	-	-	295,995
School age daycare Center	376,539	-	-	376,539
Resettlement and Recovery Services	380,596	-	-	380,596
Health Care for All	27,689	-	-	27,689
Supporting services				
Management and General	1,319,742	-	-	1,319,742
Fundraising	133,480	-	-	133,480
TOTAL EXPENSES	8,329,580	-	-	8,329,580
CHANGES IN NET ASSETS	**(364,264)**	**(151,980)**	**1,492**	**(514,752)**
NET ASSETS - Beginning of year	2,947,560	4,470,354	227,118	7,645,032
NET ASSETS - End of year	**$ 2,583,296**	**$ 4,318,374**	**$ 228,610**	**$ 7,130,280**

See accompanying independent auditors' report and notes to financial statements.

KINGSLEY HOUSE, INC. AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services									Supporting Services		
	Pre-School Day Care	School Age Day Care	Adult Day Health Care	Family Life Services	Early Head Start	Resettlement & Recovery Services	Community & Supportive Services	Participant Meals Program	Total Program Services	General and Administrative	Fundraising	Total
Personnel	$ 1,328,227	$ 168,978	$ 402,396	$ 396,030	$ 742,426	$ 170,754	$ 165,221	$ 50,906	$ 3,424,938	$ 568,907	$ 126,340	$ 4,120,185
Employee benefits									-			
Health insurance	131,736	5,800	34,130	45,497	86,228	19,886	18,612	3,860	345,749	59,673	11,953	417,375
Retirement	34,278	1,767	12,771	8,238	23,832	5,976	4,463	696	92,021	16,363	4,376	112,760
Other	9,049	386	2,537	2,802	5,308	1,239	1,193	431	22,945	5,411	1,250	29,606
Payroll taxes	108,891	15,299	33,373	32,512	60,463	13,360	12,773	4,723	281,394	45,371	9,539	336,304
Total personnel and related expenses	1,612,181	192,230	485,207	485,079	918,257	211,215	202,262	60,616	4,167,047	695,725	153,458	5,016,230
Conferences, conventions and meetings	2,359	-	1,079	88	-	310	769	-	4,605	1,500	1,027	7,132
Food	3,437	183	3,353	779	-	520	1,303	274,235	283,810	2,919	275	287,004
General insurance	46,326	4,071	14,979	10,317	23,563	3,943	6,701	(1,848)	108,052	15,734	2,830	126,616
Membership dues	6,260	129	32	1,013	3,103	1,709	1,000	-	13,246	4,215	378	17,839
Occupancy												
Utilities	38,777	7,996	19,622	8,762	32,567	3,507	3,203	-	114,434	18,304	604	133,342
Rent	65,730	-	-	10,800	-	29,957	-	-	106,487	-	-	106,487
Repair and maintenance	101,466	8,453	15,699	15,213	24,224	5,817	7,061	4,175	182,108	95,645	4,182	281,935
Waste pick-up	4,996	1,130	1,574	270	1,967	307	168	320	10,732	1,626	261	12,619
Security	-	-	-	-	-	-	-	-	-	-	-	-
Building insurance	38,358	2,630	9,731	8,656	16,360	2,214	3,579	-	81,528	11,754	644	93,926
Professional services	36,509	1,572	5,820	3,266	11,879	2,193	20,407	154	81,800	168,051	4,348	254,199
Office expense	171,016	11,135	26,917	20,239	198,897	11,215	27,734	17,408	484,561	75,129	21,818	581,508
Information technology	11,920	4,914	1,925	2,946	4,919	4,266	2,911	-	33,801	15,869	423	50,093
Travel	12,838	391	57,553	37,144	938	5,638	6,251	-	120,753	13,835	2,321	136,909
Specific assistance to individuals	15	-	-	193	-	-	13,876	-	14,084	145	-	14,229
Field trips	6,372	1,863	-	-	1,173	-	875	-	10,283	-	-	10,283
Bad debt expense	-	-	-	-	-	-	-	-	-	26,698	-	26,698
Other expenses	4,763	252	1,470	881	1,557	78	11,517	-	20,518	3,340	201	24,059
Total expense before depreciation	2,163,323	236,949	644,961	605,646	1,239,404	282,889	309,617	355,060	5,837,849	1,150,489	192,770	7,181,108
Depreciation	116,255	71,988	81,438	19,081	31,535	-	1,449	-	321,746	82,743	892	405,381
	$ 2,279,578	$ 308,937	$ 726,399	$ 624,727	$ 1,270,939	$ 282,889	$ 311,066	$ 355,060	$ 6,159,595	$ 1,233,232	$ 193,662	$ 7,586,489

See accompanying independent auditors' report and notes to combined financial statements.

KINGSLEY HOUSE, INC. AND AFFILIATE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services										Supporting Services		
	Pre-School Day Care	School Age Day Care	Adult Day Health Care	Family Life Services	Healthcare for All	Early Head Start	Resettlement & Recovery Services	Community & Supportive Services	Participant Meals Program	Total Program Services	General and Administrative	Fundraising	Total
Personnel	$ 1,280,883	$ 195,649	$ 436,096	$ 481,208	$ 10,912	$ 890,830	$ 208,011	$ 190,567	$ 50,014	$ 3,744,170	$ 650,937	$ 74,442	$ 4,469,549
Employee benefits													
Health insurance	135,065	8,872	38,940	54,985	1,963	102,297	23,278	20,179	10,477	396,056	66,006	5,497	467,559
Retirement	28,394	1,435	14,269	7,164	198	26,188	5,992	5,171	1,316	90,127	18,388	2,566	111,081
Other	8,744	545	2,655	5,972	79	6,327	(1,440)	1,296	379	24,557	3,499	557	28,613
Payroll taxes	100,901	16,740	34,496	38,452	850	69,151	15,571	14,833	4,492	295,486	48,574	5,660	349,720
Total personnel and related expenses	1,553,987	223,241	526,456	587,781	14,002	1,094,793	251,412	232,046	66,678	4,550,396	787,404	88,722	5,426,522
Conferences, conventions and meetings	943	-	922	862	-	429	679	159	-	3,994	8,710	100	12,804
Food	4,036	603	2,807	855	-	27	1,095	278	247,053	256,754	2,575	113	259,442
General insurance	54,761	6,428	15,239	9,588	50	32,211	10,809	5,538	3,717	138,341	18,517	2,131	158,989
Membership dues	6,628	350	1,354	1,103	-	2,030	1,701	502	-	13,668	2,194	413	16,275
Occupancy													
Utilities	38,708	11,437	18,226	8,279	1,176	27,155	4,963	2,879	-	112,823	16,209	1,054	130,086
Rent	34,078	9	71	10,867	14	148	35,549	40	-	80,776	6,238	5	87,019
Repair and maintenance	134,120	11,079	14,277	9,593	1,677	27,092	6,604	4,560	1,956	210,958	211,698	2,022	424,678
Waste pick-up	6,105	1,265	1,933	378	412	2,071	391	224	1,023	13,802	661	62	14,525
Security	7,700	7,151	186	(156)	44	1,066	455	74	-	16,520	1,691	1,146	19,357
Building insurance	29,326	2,102	7,805	7,333	150	21,416	3,632	3,942	-	75,706	9,590	526	85,822
Professional services	25,148	9,580	9,702	38,508	65	7,667	1,770	6,399	-	98,839	60,777	20,119	179,735
Office expense	484,951	19,837	28,887	25,361	762	48,695	32,499	27,492	10,551	679,035	81,739	14,737	775,511
Information technology	13,189	2,492	1,997	5,359	675	4,179	8,186	5,483	-	41,560	16,192	580	58,332
Travel	8,049	968	59,682	44,884	39	7,908	18,145	6,134	68	145,877	11,129	68	157,074
Specific assistance to individuals	4,457	-	-	-	-	883	1,000	175	-	6,515	-	-	6,515
Field trips	6,598	4,351	1,309	-	-	336	-	-	-	12,594	-	-	12,594
Bad debt	-	-	-	90,853	-	-	-	-	-	90,853	-	-	90,853
Other expenses	12,994	6	923	4,238	225	3,479	38	70	-	21,973	2,456	1,219	25,648
Total expense before depreciation	2,425,778	300,899	691,776	845,686	19,291	1,281,585	378,928	295,995	331,046	6,570,984	1,237,780	133,017	7,941,781
Depreciation	112,906	75,640	57,210	15,497	8,398	34,055	1,668	-	-	305,374	81,962	463	387,799
	$ 2,538,684	$ 376,539	$ 748,986	$ 861,183	$ 27,689	$ 1,315,640	$ 380,596	$ 295,995	$ 331,046	$ 6,876,358	$ 1,319,742	$ 133,480	$ 8,329,580

See accompanying independent auditors' report and notes to financial statements.

KINGSLEY HOUSE, INC. AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (367,633)	$ (514,752)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	405,381	387,799
Unrealized gains (loss) on investments - net	39,939	(30,247)
Realized gains on investments - net	91,881	14,250
Change in operating assets and liabilities:		
Accounts receivable	79,180	(198,325)
Promises to give	60,179	137,750
Prepaid expenses	(37,720)	29,486
Accounts payable	330	114,285
Net cash used by operating activities	271,537	(59,754)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of long-term investments	(23,877)	(1,491)
Purchases of investments	(674,163)	(112,876)
Proceeds from sales of investments	435,878	183,515
Purchases of land, buildings and equipment	(5,478)	(176,899)
Net cash used in investing activities	(267,640)	(107,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under line of credit	9,000	140,000
Net change in cash held for acquisition of property	1,345	26,579
Net cash provided by financing activities	10,345	166,579
NET CHANGE IN CASH AND CASH EQUIVALENTS	**14,242**	**(926)**
CASH AND CASH EQUIVALENTS - Beginning of year	94,852	95,778
CASH AND CASH EQUIVALENTS - End of year	**$ 109,094**	**$ 94,852**

See accompanying independent auditors' report and notes to combined financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Kingsley House, Inc. and Affiliate (the Organization or Agency) is a not-for-profit corporation which is a United Way agency serving Southeast Louisiana. The Organization obtains funds from state and federal governmental grants and private donor contributions.

Kingsley House Foundation, Inc. is a Louisiana not-for-profit entity which was organized on May 28, 2013, for the purpose of serving as the fund-raising arm to Kingsley House, Inc. The Foundation is considered a supporting organization under IRC 509(a)(3) and has applied for tax exempt status which is currently pending approval with the Internal Revenue Service. The Foundation is governed by a board of directors with at least 60% of the board being comprised of Kingsley House, Inc. board members.

Programs provided by the Organization are as follows:

- Pre-School Day Care – A state licensed Head Start center is provided for 220 children.
- School Age Day Care and Youth Programs – The Organization operates after school program for elementary children as well as a full day summer camp.
- Adult Day Health Care – The Organization operates an adult day health care program for 84 elderly or disabled adults and a senior center for persons over 60 years old.
- Family Life Services – Intensive at-home counseling services are provided to families in crisis and at-risk of having their children removed from the home.
- Health Care for All – The Organization has a program to increase enrollment, in Southeast Louisiana, in the Louisiana Child Health Insurance Program, Louisiana Medicaid Program and Louisiana Food Stamp Program. Due to budget constraints and major contracts supporting Health Care for All not being renewed, the program was terminated during 2012.
- Early Head Start – A state licensed Early Head Start center for 76 children.
- Resettlement and Recovery Services – Following Hurricane Katrina, the Organization developed a program to help families recover from the effects of Hurricane Katrina by providing intense in home counseling and conducing outreach activities designed to respond to medical and nutritional needs of individuals and families.
- Community and Supporting Services – The Organization provides intensive case management services for former St. Bernard Housing Development residents as they resettle in a redeveloped mixed income community.
- Participants Meal Program – The Organization operates two full kitchens to prepare and serve breakfast, lunch, and snacks to participants in the Pre-School Day Care, and Youth and Adult Day Health Care programs.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Organization follows the guidance of Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities – Presentation of Financial Statements.* Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

Unrestricted net assets – Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily restricted net assets – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to such stipulations.

Permanently restricted net assets – Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Organization.

Use of Estimates – The preparation of the Organization's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Designation of Unrestricted Net Assets – It is the policy of the Board of Directors of the Organization to overview its plans for future property improvements and acquisitions from time to time and to designate appropriate amounts to assure adequate financing of such improvements and acquisitions.

Revenue Recognition – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated Services – No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received 8,752 and 13,056 volunteer hours for the years ended June 30, 2013 and 2012, respectively.

Donated Assets – Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair market values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the donated asset. The Organization reclassifies temporarily restricted net assets to unrestricted net assets over such useful life.

Advertising – Advertising costs are expenses as incurred.

Expense Allocation – Expenses are charged to each program directly when the charge is identified to the program. Program expenditures which cannot be directly identified to a program are allocated based on square footage, usage statistics, employees, and ratio of program expenses to total expenses as appropriate. Supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Expenses are allocated among the various program services and general and administrative categories based on actual use or management's best estimate in the Combined Statements of Functional Expenses.

Income Taxes – The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana statutes. In addition, the Organization qualifies for the charitable contribution deduction under Section 190(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents including bank repurchase agreements.

Accounts Receivable – All accounts receivables at June 30, 2013 and 2012 are considered collectible by management; accordingly, an allowance for doubtful accounts is not presented. Balances that are still outstanding after management has used reasonable collection efforts are written off. The Organization wrote off $90,853 for Medicaid for the year ended June 30, 2012.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2013 and 2012, accounts receivable – unconditional promises to give consisted of $319,364 and $379,543 due from United Way, respectively.

Investment Securities – Standards for accounting for investment securities are contained in FASB ASC 958-320, *Investments-Debt and Equity Securities*. The Organization is required to report investments with readily determinable fair values and all investments in debt securities at fair value. Gains and losses, both realized and unrealized, interest and dividends are included in the statements of changes in unrestricted net assets. Investments received as gifts are recorded at the fair value at the date of the gift.

Fair Value Measurement – The Organization follows FASB ASC 820-10, *Fair Value Measurements and* Disclosures, which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – Inputs to the valuation methodology that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date;

Level 2 – Inputs to the valuation method other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in the markets that are not considered to be active; and.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Land, Buildings, and Equipment – Land, buildings, and equipment are recorded and carried at cost. All expenditure for land, buildings, and equipment and the fair value of donated land, buildings, and equipment in excess of $5,000 are capitalized, except expenditures from federal and other awards, which have a different capitalization thresholds and the Organization does not capitalize property purchased with resources from grants that specify that the title remains with or reverts to the grantor. Depreciation is computed using the straight-line methods over the estimated useful lives of the assets. The estimated useful lives range from five to twenty-five years.

NOTE B – LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consisted of the following as of June 30:

	2013	2012
Land	$ 89,931	$ 89,931
Buildings	9,566,741	9,566,741
Improvements	174,792	174,840
Construction in progress	60,246	54,720
Transportation equipment	335,719	335,719
Furniture fixtures and equipment	571,425	571,425
	10,798,854	10,793,376
Less: accumulated depreciation	(6,321,660)	(5,916,279)
Total land, buildings, and equipment, net	**$ 4,477,194**	**$ 4,877,097**

For the years ended June 30, 2013 and 2012, depreciation expense was $405,379 and $387,799, respectively.

NOTE C – INVESTMENT INCOME

The following schedules summarize the investment returns for the stated years and their classification in the accompanying statement of activities and changes in net assets:

	June 30, 2013		
	Unrestricted	Permanently Restricted	Total
Interest and dividends	$ 40,022	$ 5,013	$ 45,035
Net realized gains	90,669	1,212	91,881
Net unrealized gains	19,295	20,644	39,939
	$ 149,986	**$ 26,869**	**$ 176,855**

	June 30, 2012		
	Unrestricted	Permanently Restricted	Total
Interest and dividends	$ 42,182	$ 3,899	$ 46,081
Net realized gains	13,450	800	14,250
Net unrealized losses	(29,140)	(1,107)	(30,247)
	$ 26,492	**$ 3,592**	**$ 30,084**

The unrealized gains on investments since their purchase or donation to the Organization was $221,633 and $234,041 for the years ended June 30, 2013 and 2012, respectively.

NOTE D – FAIR VALUE MEASUREMENTS

The methods described in Note A may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

Money funds (L1) are valued at quoted market prices in an active market.

GNOF Mutual funds (L2) are measured based on the values of the underlying investments.

Corporate bonds (L2) fair value is provided by the brokerage firms where the securities are held. The brokerage firms use outside services to supply prices which are estimates based primarily on coupon rate and credit rating.

Common stocks (L1) are valued at quoted market prices in an active market.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair values as of June 30, 2013 and 2012, respectively:

	Fair Value at June 30, 2013	Level 1	Level 2	Level 3
Equities	$ 741,525	$ 741,525	$ -	$ -
Bonds:				
Corporate	447,033	447,033	-	-
Government obligations	-	-	-	-
Municipal	60,203	60,203	-	-
	507,236	507,236	-	-
Money market accounts	240,354	240,354	-	-
Mutual funds	254,943	254,943	-	-
	$ 1,744,058	**$ 1,744,058**	**$** -	**$** -

	Fair Value at June 30, 2012	Level 1	Level 2	Level 3
Equities	$ 917,399	$ 917,399	$ -	$ -
Bonds:				
Corporate	482,491	482,491	-	-
Government obligations	25,190	25,190	-	-
Municipal	50,478	50,478	-	-
	558,159	558,159	-	-
Money market accounts	63,819	63,819	-	-
Mutual funds	74,338	74,338	-	-
	$ 1,613,715	**$ 1,613,715**	**$** -	**$** -

NOTE E – LINE OF CREDIT

The Organization has a $400,000 line of credit with a financial institution at an annual variable interest rate (4.25% at June 30, 2013) and was unsecured. The amount outstanding under the line of credit was $309,000 at June 30, 2013 and $300,000 at June 30, 2012.

NOTE F – BOARD DESIGNATIONS

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements, acquisitions, and program services from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing. At June 30, 2013 and 2012, the Organization's Board had $1,406,648 and $1,294,245, respectively, in designated funds.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Substantially all of the restrictions on net assets as of June 30, 2013 and 2012 relate to funds raised through the Second Century Campaign, Capital Campaign and a new 2013 Capital Campaign, United Way funding for next year and prior years funds restricted to purchasing and improving Equipment and facilities.

The Organization solicited contributions to renovate the existing facilities through its two Capital Campaigns. Temporarily restricted net assets related to these Capital Campaigns represent the under-predicted portion of renovation expenditures. In accordance with the Organization's policy, these restrictions will be released as the assets are depreciated.

The Organization, subsequent to June 30, 2013, acquired 4.2 acres of land adjacent to Kingsley House which it has plans to construct a 24,000 square foot facility, at an estimated total project cost of $9,600,000, to serve more than 200 infants, toddlers, seniors and medically fragile adults. In anticipation of this project, the Agency formed a new corporation, in May 2013, the Kingsley House Foundation, Inc. (Foundation). The Foundation began a 2013 Capital Campaign to fund in part the new project, providing for ongoing operational and maintenance costs for the new project and the historic main campus.

	2013	2012
United Way Funding for Next Year	$ 319,364	$ 379,543
Renovation, new construction and operating and upkeep costs of Kingsley House facilities	3,636,226	4,243,829
Use restricted for facility improvements/operations	31,054	(304,998)
	$ 3,986,644	**$ 4,318,374**

NOTE H – PERMANENTLY RESTRICTED NET ASSETS

The Organization began receiving donations with the intentions of creating a permanent endowment in 2001. Over the years, the Organization accumulated $160,469 in donations to be invested in a permanent endowment. The Organization established the endowment funds with the intent to preserve the fair value of the original gift absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, and the original value of subsequent gifts to the permanent endowment. The Organization maintains realized and unrealized gains and losses within the endowment, and investment earnings appropriated for expenditure each year are approved by the board annually. As of June 30, 2013 and 2012, permanently restricted net assets were $252,488 and $228,610, respectively.

NOTE I – CONCENTRATION OF REVENUES

Approximately 68% and 6% of the Organizations' revenues for the year ended June 30, 2013 came from State and Federal government programs and from the United Way, respectively. Approximately 73% and 6% of the Organizations' revenues for the year ended June 30, 2012 came from State and Federal government programs and from the United Way, respectively.

Historically, Kingsley House has received Early Head Start and Head Start funding as a delegate agency through Total Community Action, the US Department of Health and Human Services grantee for Orleans Parish. In response to open, competitive application process, Kingsley House submitted an application to become one of up to five grantees in Orleans Parish. It is anticipated that the federal grantee designations will be made in 2014, and Kingsley House is confident that it will successfully become a grantee.

NOTE J – RETIREMENT PLAN

The Organization maintains a noncontributory defined contribution retirement plan for employees who have attained age 21 and have completed 18 months of service by January 1 or July 1 of the following year without going over a two year anniversary. Employees receive a 100% vested interest in all contributions by the Organization on their behalf. Contributions for the period July 1, 2012 through June 30, 2013 were based on 3.5% of plan participants' salaries. Total retirement plan expense was $112,760 and $111,080 for the years ended June 30, 2013 and 2012, respectively.

NOTE K – OPERATING LEASES

The Organization leases service facilities under terms of several lease agreements accounted for as operating leases. Rental expense for the years ended June 30, 2013 and 2012 was $106,487 and $87,019, respectively.

The Organization has multiple operating leases for office equipment at various locations. Lease expense for the years ended June 30, 2013 and 2012 was $ 27,380 and $48,725, respectively.

Future minimum lease payments are as follows:

2014	$ 67,783
2015	12,506
2016	1,733
	$ 88,022

NOTE L – CONTINGENCIES

The Organization received a portion of its revenue from government grants, which are subject to audit by the respective funding source. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by such governmental units. Until such audits have been completed and final settlement is reached, there exists a contingency to refund any amount received in excess of allowance costs. Management is of the opinion that no material liability will result from any such audits.

NOTE M – BOARD OF DIRECTORS

The Board of Directors of the Organization serves and directs the Organization on a voluntary basis. The Board does not receive compensation.

NOTE N – COUNCIL ON AGING

Contracts with the New Orleans Council on Aging from the Governor's Office of Elderly Affairs are as follows.

Senior Center	**2013**	**2012**
Revenues	$ 53,366	$ 39,131
Expenses:		
Compensation and related expenses	33,114	32,541
Operating Services	20,252	6,590
Net	$ -	$ -

NOTE O – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, December 20, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements except for the event described in Note G.

SUPPLEMENTARY INFORMATION

KINGSLEY HOUSE, INC. AND AFFILIATE
SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS
(UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2013

Total Revenues, Gains and Other Support per Statement of Activities	$ 7,219,269
Contributions	(210,924)
Foundation	(97,960)
Government contracts	139,231
United Way Funding for the year	379,543
United Way Funding for next year	(319,364)
Investment income	45,748
Gain on sale	(91,881)
Unrealized gain on investment	(39,939)
Interest income	(22,403)
Other	49
Transfer/in-out	157,065
Total United Way	**$ 7,158,434**

Reconciliation of total expenses is as follows:

Total expenses per Statement of Activities	$ 7,586,698
Professional fees	(9,624)
General Miscellaneous Expense	33
Depreciation	(405,379)
Total United Way	**$ 7,171,728**

KINGSLEY HOUSE, INC. AND AFFILIATE
SCHEDULE OF SUPPORT, REVENUES AND EXPENSES
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS
(UNAUDITED)
YEAR ENDED JUNE 30, 2013

	Agency Total	Supporting Services Management and General	Fund Raising	Total Program Services	Early Headstart and Headstart	School Age Day Care/Youth	Adult Day Health Care	Resettlement and Recovery Services	Other
REVENUES									
Client generated self support	$ 204,407	$ -	$ -	$ 204,407	$ -	$ 113,638	$ 46,569	$ -	$ 44,200
Governmental grants and contracts	5,121,108	-	-	5,121,108	2,443,884	87,793	833,220	-	1,756,211
Other Foundations or National Grants	784,929	-	150,966	633,963	-	-	-	230,255	403,708
Other revenue	616,731	310,377	252,683	53,671	-	32,313	1,527	202	19,629
Total Self Generated Revenue	6,727,175	310,377	403,649	6,013,149	2,443,884	233,744	881,316	230,457	2,223,748
United Way Designation	17,606	-	17,606	-	-	-	-	-	-
CFC Designation	7,275	-	7,275	-	-	-	-	-	-
Other United Way Allocations	26,835	-	530	26,305	-	-	-	-	-
Total Revenue	6,778,891	310,377	429,060	6,039,454	2,443,884	233,744	881,316	230,457	2,223,748
United Way Allocation-GNO	379,543	-	-	379,543	138,910	69,776	68,186	102,671	-
Grand Total Revenue	7,158,434	310,377	429,060	6,418,997	2,582,794	303,520	949,502	333,128	2,223,748
EXPENSES									
Salaries	4,120,184	568,907	126,340	3,424,937	1,483,312	168,978	402,396	170,754	1,199,497
Benefits	559,741	81,447	17,579	460,715	218,407	7,954	49,438	27,101	157,815
Taxes	336,305	45,371	9,539	281,395	120,981	15,299	33,373	13,360	98,382
Occupancy expenses	628,307	127,329	5,691	495,287	198,408	20,209	46,626	41,802	188,242
Travel and transportation	136,910	13,835	2,321	120,754	2,474	-	57,553	5,638	55,089
Office supplies	581,509	77,441	21,425	482,642	320,408	11,238	29,904	11,672	109,420
Printing	3,632	632	668	2,331	984	81	366	63	837
Direct assistance to individuals	14,228	-	-	14,228	15	-	-	-	14,213
Other	790,912	226,144	9,209	555,558	106,787	13,191	25,303	12,499	397,778
Grand Total Expenses	$ 7,171,728	$ 1,141,106	$192,772	$5,837,847	$ 2,451,776	$ 236,950	$ 644,959	$ 282,889	$ 2,221,273
Net difference	$ (13,294)	$ (830,729)	$236,288	$ 581,150	$ 131,018	$ 66,570	$ 304,543	$ 50,239	$ 2,475
Depreciation	$ 405,379	$ 82,743	$ 892	$ 321,744	$ 147,790	$ 71,988	$ 81,437	$ -	$ 20,529
		Total Direct Program Expenses			2,451,776	236,950	644,959	282,889	2,221,273
		Percentage of Total Program Expenses			42.00%	4.06%	11.05%	4.85%	38.05%
		Distribution of M&G Expenses			479,241	46,316	126,068	55,295	434,185
		Grand Total Program Expenses			$ 2,931,017	$ 283,266	$ 771,027	$ 338,184	$ 2,655,458
		Undup. People Served			1,345	302	98	768	972
		Cost per Person			$ 2,179	$ 938	$ 7,868	$ 440	$ 2,732

OTHER INDEPENDENT AUDITORS' REPORT

Silva Gurtner & Abney

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Kingsley House, Inc.
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Kingsley House, Inc. and Affiliate, a non-profit organization (the Organization), which comprise the combined statements of financial position as of June 30, 2013, and the related combined statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to combined financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the combined financial statements of Kingsley House, Inc. and Affiliate are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Silva Gurtner & Abney, LLC

New Orleans, Louisiana
December 20, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Kingsley House, Inc.
New Orleans, LA

Report on Compliance for Each Major Federal Program

We have audited Kingsley House, Inc. and Affiliate, a non-profit organization (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2013. The major federal programs of Kingsley House, Inc. and Affiliate are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Managements' Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Kingsley House, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the combined financial statements of Kingsley House, Inc. and Affiliate as of and for the year ended June 30, 2013, and have issued our report thereon dated December 20, 2013, which contained an unmodified opinion on those combined financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Silva Gurtner & Abney, LLC

New Orleans, Louisiana
December 20, 2013

KINGSLEY HOUSE, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Pass-through programs from:			
U.S. Department of Health and Human Services			
Total Community Action, Inc.			
Head Start	93.600	06CH0473	$ 2,100,532
Early Head Start	93.600	06YC0521	1,219,312
			3,319,844
Louisiana Department of Social Services			
Social Services Block Grant Family Preservation	93.667	TID4034	466,188
Total U.S. Department of Health and Human Services			3,786,032
U.S. Department of Agriculture			
Lousiana Department of Education			
Child and Adult Care Food Program			
Preschool/ Early Head Start/School Age	10.558	CC93-432	343,893
U.S. Department of Justice:			
Lousiana Commission on Law Enforcement			
Crime Victim Assistance Youth	16.575	C09-9-009	35,293
Total expenditures of federal awards			**$ 4,165,219**

Notes to Schedule of Expenditures of Federal Awards:

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation - This schedule includes the federal grant activity of Kingsley House, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Accrued Reimbursement - Various reimbursement procedures are used for federal awards received by the Organization. Consequently, timing differences between expenditures and program reimbursements may exist at the end of the year.

KINGSLEY HOUSE, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified			
Internal control over financial reporting:				
Material weaknesses identified?		yes	X	no
Significant deficiencies identified not considered to be material weaknesses?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major programs:				
Material weaknesses identified?		yes	X	no
Significant deficiencies identified not considered to be material weaknesses?		yes	X	none reported
Type of auditors' report issued on compliance for major programs:	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?		yes	X	no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.600	Head Start
93.600	Early Head Start
93.667	Social Services Block Grant Family Preservation
10.558	Child and Adult Care Food Program Preschool/ Early Head Start/School Age

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000			
Auditee qualified as low-risk audit?	X	yes		no

Section II - Findings related to the financial statements that are required to be reported in accordance with *Govermental Auditing Standards*

No findings noted for the year ended June 30, 2013.

Section III - Findings and questioned costs for federal awards under OMB Circular A-133 §510 (a)

No findings noted for the year ended June 30, 2013.

KINGSLEY HOUSE, INC. AND AFFILIATE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Findings related to the financial statements that are required to be reported in accordance with *Govermental Auditing Standards*

No findings noted for the year ended June 30, 2012.

Section III - Findings and questioned costs for federal awards under OMB Circular A-133 §510 (a)

No findings noted for the year ended June 30, 2012.